§ 165.15 Administering the whistleblower program.

(a) *Specific authorities*—(1) *Payments, deposits, and credits.* The Executive Director is authorized to deposit into or credit collected monetary sanctions to the Fund, and to make payment of awards therefrom, with the concurrence of the General Counsel, or of their respective designees.

(2) *Designation of claims review staff.* The Claims Review Staff referenced in § 165.7 shall be composed of no fewer than three and no more than five staff members from at least two of the Commission's Offices or Divisions (except the Office of the General Counsel) who have not had direct involvement in the underlying enforcement action, as designated by the General Counsel in consultation with the Executive Director.

(3) *Disclosure of whistleblower identifying information.* The General Counsel is authorized on behalf of the Commission to exercise its discretion to disclose whistleblower identifying information under § 165.4(a).

(b) *General authority to administer the program.* The General Counsel shall have general authority to administer the whistleblower program except as otherwise provided under this part.

Issued in Washington, DC, on September 14, 2026, by the Commission.

Robert Sidman,

Deputy Secretary of the Commission.

Note: The following appendix will not appear in the Code of Federal Regulations.

Appendix to Whistleblower Award Determination—Commission Voting Summary

On this matter, Chairman Selig voted in the affirmative. No Commissioner voted in the negative.

[FR Doc. 2026–19006 Filed 9–15–26; 8:45 am]

BILLING CODE 6351–01–P

SOCIAL SECURITY ADMINISTRATION

20 CFR Parts 404 and 416

[Docket No. SSA–2019–0013]

RIN 0960–AI43

Revised Medical Criteria for Evaluating Cardiovascular Disorders

Correction

In rule document 2026–13420 beginning on page 40804 in the issue of Thursday, July 2, 2026, make the following correction:

Appendix 1 to Subpart P of Part 404 [Corrected]

On page 40837, in Appendix 1 to subpart P of part 404, in the second column, in the third row, ''*How do we evaluate ECG evidence?*'' should read ''2. *How do we evaluate ECG evidence?*''

[FR Doc. C1–2026–13420 Filed 9–15–26; 8:45 am]

BILLING CODE 0099–10–D

DEPARTMENT OF LABOR

Employment and Training Administration

20 CFR Part 603

[Docket ETA–2025–0004]

RIN 1205–AC11

Federal-State Unemployment Compensation (UC) Program; Data Availability

AGENCY: Employment and Training Administration, Labor.

ACTION: Final rule.

SUMMARY: The Department of Labor (DOL or the Department) is issuing this final rule to require the disclosure of confidential unemployment compensation (UC) information to Federal officials for purposes of UC program oversight and audits. This rule will ensure that Federal officials, including the Department's Office of Inspector General (DOL–OIG), are able to obtain the information needed from State UC agencies to ensure proper oversight of the UC programs and to hold State UC agencies accountable for identifying and addressing fraud in UC programs.

DATES:

Effective date: This final rule is effective November 16, 2026.

Compliance date: States that need to amend their laws to conform and comply with the requirements of this rule must do so as quickly as possible, but no later than September 16, 2027.

FOR FURTHER INFORMATION CONTACT:

Michelle E. Beebe, Administrator, Office of Unemployment Insurance, Employment and Training Administration (ETA), Department of Labor, 200 Constitution Avenue NW, Room S–4524, Washington, DC 20210, Email: *beebe.michelle.e@dol.gov,* Telephone: (202) 693–3029 (voice) (this is not a toll-free number). For persons with a hearing or speech disability who need assistance to use the telephone system, please dial 711 to access telecommunications relay services.

SUPPLEMENTARY INFORMATION:

Preamble Table of Contents

I. Acronyms and Abbreviations

2006 Final Rule *Federal-State Unemployment Compensation Program (UC); Confidentiality and Disclosure of State UC Information; Final Rule,* 71 FR 56830 (Sept. 27, 2006)
2023 RFI *Federal-State Unemployment Compensation (UC) Program; Confidentiality and Disclosure of State UC Information; Request for Information,* 88 FR 47829 (July 25, 2023)
APA Administrative Procedure Act
August 2025 NPRM *Federal-State Unemployment Compensation (UC) Program; Data Availability; Proposed Rule,* 90 FR 42143 (Aug. 29, 2025)
BLS Bureau of Labor Statistics
CARES Act Coronavirus Aid, Relief, and Economic Security (CARES) Act
CFR Code of Federal Regulations
COVID–19 coronavirus disease 2019
Department *or* DOL Department of Labor
DOL–OIG DOL Office of Inspector General
E.O. Executive Order
ETA Employment and Training Administration
FR Federal Register
GAO Government Accountability Office
NPRM Notice of Proposed Rulemaking
OEWS Occupational Employment and Wage Statistics
OIRA Office of Information and Regulatory Affairs
OMB Office of Management and Budget

PRA Paperwork Reduction Act of 1995
Pub. L. Public Law
RFA Regulatory Flexibility Act
RFI Request for Information
RIN Regulation Identifier Number
sec. section
Secretary Secretary of Labor
SNPRM Supplemental Notice of Proposed Rulemaking
SOC Standard Occupational Classification
SORN System of Records Notice
SSA Social Security Act
UC Unemployment Compensation
UIPL Unemployment Insurance Program Letter
UMRA Unfunded Mandates Reform Act of 1995
U.S.C. United States Code

II. Background

A. Regulatory History

The authority for this amendment is derived from the ''methods of administration'' provision in sec. 303(a)(1) of the Social Security Act (SSA), which requires States to provide in their laws, as a condition to be certified to receive administrative grants, such ''methods of administration'' as the Secretary determines to be ''reasonably calculated to insure full payment of unemployment compensation when due.'' Title 20 CFR part 603 establishes requirements for maintaining the confidentiality of UC information along with standards for required and permissible disclosures of such information. The existing regulation at § 603.5(i), last updated in 2006 by the Department's *Federal-State Unemployment Compensation Program (UC); Confidentiality and Disclosure of State UC Information; Final Rule* (hereinafter, the 2006 Final Rule), provides that State UC agency disclosures of confidential UC information to Federal officials for purposes of UC program oversight and audits are permissible and excepted from the confidentiality requirement set forth in part 603. 71 FR 56830, 56837 (Sept. 27, 2006). Preceding the 2006 Final Rule, the Department proposed an exception to part 603 specifically for disclosures required by Federal law.[1] The 2006 Final Rule changed the provision proposed at § 603.5(i) to limit it to disclosures for UC program oversight and audits because disclosures to Federal officials as ''required by Federal Law'' was already covered by other provisions in part 603, including the provision allowing disclosure to public officials at § 603.5(e). The Department explained in the 2006 Final Rule that it included the provision regarding permissible disclosures for purposes of Federal oversight and audits because ''the Department believe[d] it [was] necessary to explicitly address the inapplicability of the confidentiality requirement to any disclosure to the Federal Government for purposes of UC program oversight and audits.'' *See* 2006 Final Rule. The Department now revises part 603 to make these disclosures required.

Amending the regulation to require these disclosures allows the Department to continue the important work of holding State UC agencies accountable for identifying and preventing fraud in the UC program. As State UC operations have evolved since this regulation was first promulgated, States have faced increased fraud incidents, including sophisticated multistate fraud schemes by organized criminals. The CARES Act created a number of new UC programs in response to the coronavirus disease 2019 (COVID–19) pandemic and during this period the program was exposed to increased fraudulent activity, costing the UC system billions of dollars according to estimates by DOL–OIG. DOL–OIG identified $45.6 billion in potentially fraudulent benefits paid in six high-risk areas under UC programs,[2] and an estimated $191 billion in benefits under UC programs during the pandemic period may have been paid improperly, with a significant portion attributable to fraud.[3] Since 2020, DOL–OIG has repeatedly expressed its concern to the Department that its access to confidential UC information for purposes of UC program oversight and audits could end at any time and recommended a change to the regulations to make clear that such disclosures are required.[4] The Secretary of Labor (Secretary) must have the tools necessary to ensure that UC programs are administered consistently with the requirements of Federal law. Oversight and audits of UC programs by the Department, DOL–OIG, and other Federal officials help detect fraud vulnerabilities and identify possible solutions, which is necessary to hold State UC agencies accountable for administering UC programs consistent with Federal law requirements.

On August 29, 2025, the Department published a notice of proposed rulemaking (NPRM), *Federal-State Unemployment Compensation (UC) Program; Data Availability; Proposed Rule* (90 FR 42143) (hereinafter referred to as the August 2025 NPRM), that proposed requiring the disclosure of confidential UC information to Federal officials for purposes of UC program oversight and audits. In total, 40 commenters responded, representing State UC agencies, advocacy organizations, individual and anonymous commenters, unions, a professional association, and a think tank. See section III of this preamble for discussion of the comments.

The August 2025 NPRM referenced a Request for Information (RFI) entitled *Federal-State Unemployment Compensation (UC) Program; Confidentiality and Disclosure of State UC Information* that was published on July 25, 2023 (88 FR 47829) (hereinafter referred to as the 2023 RFI), considering comprehensive updates to part 603. In the August 2025 NPRM, the Department acknowledged that the most critical step needed at this time was to address fraud in UC programs by ensuring the Department, including DOL–OIG, has access to data to conduct oversight and combat fraud.

The August 2025 NPRM also sought comment on a potential amendment to part 603 that would require States to submit all UC claims data on a regular basis to the ETA as part of a national UC claims database for purposes of UC program oversight and audits, including comments about appropriate safeguards and security measures to protect individual data under such a requirement.

B. Supplemental NPRM Planned for National UC Claims Database

The Department has determined it is appropriate to solicit further input on the topic of a national UC claims database. Therefore, if such a database is to be pursued, the Department will issue a Supplemental Notice of Proposed Rulemaking (SNPRM) on this topic. The Department will consider the comments received regarding a national UC claims database in response to the August 2025 NPRM when drafting the future SNPRM on this topic. This final rule does not address the creation of a national UC claims database.

[1] *See* 69 FR 50022 (Aug. 12, 2004) (proposing § 603.5(i)).

[2] DOL–OIG Alert Memorandum: *Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to $45.6 Billion Report Number:* 19–22–005–03–315, Sept. 21, 2022, *https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf.*

[3] ''The Greatest Theft of American Tax Dollars: Unchecked Unemployment Fraud,'' Hearing, Statement for the Record of Larry D. Turner, Inspector General, U.S. Department of Labor; House Committee on Ways and Means, Feb. 8, 2023, *https://www.oig.dol.gov/public/testimony/02082023.pdf.*

[4] *See, e.g.,* DOL–OIG Alert Memorandum: ''COVID–19: More Can Be Done to Mitigate Risk to Unemployment Compensation Under the CARES Act'', Report No. 19–20–008–03–315, Aug. 7, 2020, *https://www.oig.dol.gov/public/reports/oa/2021/19-21-005-03-315.pdf.*

C. Comments on Public Involvement and the Rulemaking Process

The August 2025 NPRM included a 30-day comment period for the public to provide input on the NPRM, which ended on September 29, 2025. Several commenters requested that the comment period be extended at least 30 days to allow for more time to analyze the potential impacts of the NPRM and prepare comments accordingly. An advocacy organization argued that Executive Order (E.O.) 13563, *Improving Regulation and Regulatory Review,* generally requires a 60-day comment period.

Some commenters also offered additional suggestions for the Department to solicit further input from the public to inform the rulemaking process. An advocacy organization identified only two responses to the 2023 RFI on the subject of reducing fraudulent payment, and therefore argued for the August 2025 NPRM to have ''more robust, current, and timely feedback from experts and advocates.'' The commenter also critiqued the Department for setting aside the other concerns identified in public comments on the 2023 RFI. An advocacy organization asserted that the NPRM was styled as a final rule, and another asserted that the Department failed to and should consult with impacted parties, such as States, local governments, or Tribal governments. Another advocacy organization suggested the Department engage with impacted immigrant populations, provide transparency about data collection and use, and commit to privacy and accountability.

The Department declined to extend the comment period and posted a letter to the docket to inform stakeholders of this decision.[5] As explained in the August 2025 NPRM and in the letter denying the comment period extension requests posted to the docket, the Department previously engaged with the regulated community on the topics covered in the August 2025 NPRM, including through the 2023 RFI. The Department also announced at that time that it was considering comprehensive updates to the UC confidentiality regulations and that information received in response to the 2023 RFI would inform and be considered by the Department as part of that potential rulemaking. The August 2025 NPRM was more limited in scope than the 2023 RFI and included a 30-day comment period for stakeholders to further provide comment on the changes the Department proposed to make to the part 603 regulation. Therefore, the Department declined to extend the August 2025 NPRM's 30-day comment period because it determined that it had provided the public with sufficient notice, time to review, and opportunity to comment on the NPRM. To the commenter's concern that this rulemaking sets aside the other concerns identified in public comments on the 2023 RFI, the Department considered the feedback it received and determined that codifying the required disclosure of confidential UC information to Federal officials, including DOL–OIG, for purposes of UC program oversight and audits was the most critical step needed at this time.

III. Discussion

A. Overview of Final Rule

The Department is removing § 603.5(i), which permits State UC agencies to disclose confidential UC information to Federal officials for purposes of UC program oversight and audits, and adding a provision requiring the disclosure of confidential UC information for purposes of UC program oversight and audits to § 603.6, which contains required disclosures. Moving the disclosure to Federal officials for purposes of UC program oversight and audits to § 603.6 makes these disclosures a requirement under 20 CFR part 603. This final rule effectuates this change by redesignating paragraph (c) of § 603.6 as paragraph (d) and inserting a new paragraph (c) in § 603.6. Additionally, in response to comments, the Department is adding a new provision to § 603.10 that will require certain requestors to provide additional information to States as part of their request for confidential UC information within the scope of UC program oversight and audits. This final rule also makes conforming amendments to the introductory matter of § 603.5 and to paragraph (b) of § 603.8. Finally, this final rule updates the authority citation to more accurately reflect the Department's statutory authority for part 603.

Based on comments received in response to the August 2025 NPRM, the Department made two changes to the NPRM that are reflected below. First, if a national UC claims database is pursued, the Department will publish an SNPRM to provide a greater opportunity for input on the national UC claims database referenced in the August 2025 NPRM. This change allows for further input and policy refinement in consideration of comments received about the proposal.

Second, the Department added a new provision to § 603.10 that requires Federal officials (other than the Department, DOL–OIG, and the Government Accountability Office (GAO)) who are requesting information pursuant to § 603.6(c) to state how the information will be used and how that use is for purposes of UC program oversight and audits, and to cite to the Federal official's authority for UC program oversight and audits. This was in response to concerns from commenters over transparency, data use, and potential overreach. The Department, DOL–OIG, and GAO already have separate authority to receive confidential UC information and routinely request information for purposes of UC program oversights and audits based on their duties and statutory authority, thus a justification is not needed. The Department believes that requiring a written justification for requests from other Federal officials will address the concerns raised by commenters because it increases transparency as to the scope and use of the data requested by Federal officials. Paragraph 603.10(e) of this final rule requires that other Federal officials requesting confidential UC information must limit their use of the information to the uses stated in the written request submitted to the State UC agency, except as otherwise required by Federal law.

This change balances accountability and transparency with the important oversight facilitated by the newly required disclosures. The Department believes that the prescribed scope of these disclosures, for purposes of UC program oversight and audits, provides an important limitation on the disclosures and that such a limitation aligns these new required disclosures with those States currently make to DOL–OIG, as one example. Federal officials that seek to obtain confidential UC information for purposes other than UC program oversight and audits are outside the scope of this final rule. Public officials, as defined in § 603.2(d), may request such information pursuant to § 603.5(e), which governs disclosure of confidential UC information to public officials. Other officials may request confidential UC information for non-oversight and audit purposes based on other applicable authority that is available for that purpose. This rule is only concerned with Federal officials requesting confidential UC information for purposes of UC program oversight and audits.

[5] *See* Deny Comment Period Extension for Unemployment Compensation NPRM, published to the rulemaking docket at *https://www.regulations.gov/search?filter=ETA-2025-0004.*

The authority for this amendment is derived from the ''methods of administration'' requirement of sec. 303(a)(1), SSA, which requires States to provide in their laws, as a condition to be certified to receive administrative grants, such ''methods of administration'' as the Secretary determines to be ''reasonably calculated to insure full payment of unemployment compensation when due.'' The Department interprets the phrase ''when due'' in this requirement to mean accurate payments are made to eligible individuals in addition to ensuring that the payments are timely. It also requires that a State not make payments when payments are not due, *i.e.,* to individuals not eligible due to fraud or otherwise. This final rule is also consistent with the objectives of E.O. 14243, *Stopping Waste, Fraud, and Abuse by Eliminating Information Silos,* because it requires, rather than permits, the disclosure of confidential UC information to Federal officials for purposes of UC program oversight and audits.

The Department notes that part of its responsibilities under the SSA include certifying State UC programs. This responsibility can only be upheld if the Department has the ability to access certain information. The Department is not seeking to supplement its information collections at this time; however, the capacity for the Department to do so in the future is guaranteed by this rulemaking.

B. Need for Rulemaking

Pursuant to sec. 303(a)(1), SSA, the Department has long required States to disclose all information that is necessary for the proper administration of UC programs (§ 603.6(a)). The Department has also specifically recognized the critical role that oversight and audits play in the proper administration of UC programs, particularly in ensuring payments are not made when they are not due. The Department has recognized this critical role by explicitly making disclosures to Federal officials for purposes of UC program oversight and audits permissible and excepting such disclosures from the confidentiality requirement under § 603.5(i).

For years, the Department has interpreted sec. 303(a)(1) as requiring the disclosure of confidential UC information to certain Federal agencies because disclosure of such data is authorized under statutes administered by those agencies, including, for example, the Internal Revenue Service for purposes of UC tax administration. *See Federal-State Unemployment Compensation Program (UC); Confidentiality and Disclosure of State UC Information; Proposed Rule,* 69 FR 50022, 50027 (Aug. 12, 2004); 2006 Final Rule, 71 FR 56830, 56838 (Sept. 27, 2006). Similarly, the Department has long recognized that disclosures of confidential UC information to DOL–OIG for fraud investigations are necessary for the proper administration of the program. *See* 20 CFR 603.6(a); *see, e.g.,* Unemployment Insurance Program Letter (UIPL) Nos. 04–17 (Dec. 16, 2016) (''OIG investigations of fraud are necessary for the proper administration of the program'') and 04–17, Change 1 (Aug. 3, 2021). DOL–OIG's collections pursuant to § 603.6(a) occur under a System of Records Notice (SORN) that covers such collections. *See* DOL–OIG 12, ''Office of Inspector General Warehouse and Learning System (OWLS),'' 85 FR 60833 (Sept. 28, 2020). Additionally, during the pandemic, the Department required the regular disclosure of confidential UC information related to the Coronavirus Aid, Relief, and Economic Security (CARES) Act UC programs to DOL–OIG for purposes of UC program oversight and audits under its authority under the CARES Act and as a condition of UC administrative grants. *See, e.g.,* UIPL No. 04–17, Change 1 (Aug. 3, 2021) (''Within the context of administering PUA, FPUC, PEUC, MEUC, and full federal funding of the first week of regular UC for States with no waiting week that is reimbursed in accordance with Section 2105 of the CARES Act, as amended, states must disclose all information to DOL–OIG for the purposes of investigating UC fraud and for audits of UC programs.'') and UIPL No. 22–21 (Aug. 11, 2021) (''as a condition of receiving a grant under this UIPL, states must agree to information disclosure with [DOL–OIG]'').

State cooperation with these requests has become critical to the effective administration of UC programs. State UC operations have evolved since the confidentiality regulation was first promulgated in 2006, as States have faced a large increase in online claims filing, as well as a stark increase in fraud incidents, particularly those involving sophisticated multistate fraud schemes by organized criminals. The CARES Act created a number of new UC programs in response to the coronavirus disease 2019 (COVID–19) pandemic and during this period the program was exposed to increased fraudulent activity, costing the UC system billions of dollars according to estimates by DOL–OIG. DOL–OIG identified $45.6 billion in potentially fraudulent UC benefits paid in six high-risk areas,[6] and estimated $191 billion in UC benefits during the pandemic period could have been paid improperly, with a significant portion attributable to fraud.[7] The Secretary must have the tools necessary to ensure that the UC programs are administered consistently with the requirements of Federal law. Oversight and audits are necessary to hold State UC agencies accountable for reducing improper payments and for ensuring that State UC agencies provide proper and efficient administration of the UC program. As discussed above, DOL–OIG has reinforced this point through repeated recommendations to the Department to amend this rule to make disclosures for purposes of UC program oversight and audits required rather than permissive. Accordingly, in recognition of the growing urgency of the need for fraud identification and prevention within the program, DOL interprets sec. 303(a)(1) as requiring the disclosure of confidential UC information to Federal officials, including DOL–OIG, for purposes of UC program oversight and audits.

In the sections that follow, the Department summarizes and responds to the comments received about the August 2025 NPRM's proposed requirement—finalized in this rule—that State UC agencies must disclose confidential UC information to Federal officials for purposes of UC program oversight and audits.

C. Statutory and Legal Background

1. Statutory Background

a. DOL Has Statutory Authority Under Section 303(a)(1), SSA, for This Rule

Comments: A number of commenters objected to the Department using the ''methods of administration'' requirement of sec. 303(a)(1), SSA, as a statutory basis for the rulemaking. A State and an individual commenter expressed opposition to the Department's reliance on the language in sec. 303(a)(1), SSA, for authority to recast § 603.5(i) from a ''permissive data-sharing provision'' into a mandatory requirement under § 603.6(c). The individual commenter

[6] DOL–OIG Alert Memorandum: *Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to $45.6 Billion Report Number: 19–22–005–03–315,* Sept. 21, 2022, *https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf.*

[7] ''The Greatest Theft of American Tax Dollars: Unchecked Unemployment Fraud,'' Hearing, Statement for the Record of Larry D. Turner, Inspector General, U.S. Department of Labor; House Committee on Ways and Means, Feb. 8, 2023, *https://www.oig.dol.gov/public/testimony/02082023.pdf.*

stated that without congressional authority it would be beyond the Department's statutory authority to convert something permissible into a binding mandate. Similarly, a few commenters argued that because disclosures to Federal officials for purposes of UC program oversight and audits were included in the existing regulation as permissible disclosures, such disclosures were not intended to be required and the Department may not now assert that these same disclosures are mandatory. Further, a commenter argued the methods of administration provision is meant to only address timeliness of payments and eligibility. One advocacy organization stated that the August 2025 NPRM's claim that sec. 303(a)(1), SSA, requires disclosure to DOL–OIG reverses the Department's previous acknowledgement that it lacked the authority to require access to confidential information because the permissible framework in the regulation was a recognition of statutory constraints.

Response: The Department has considered these positions and does not agree with them. The Department did not take the position that it does not have the authority to require this type of disclosure when it issued the 2006 Final Rule. The current regulation implemented a permissible disclosure in this instance, and the Department issued that rule without opining on its authority to require those same disclosures. Since the promulgation of the current regulation, State UC operations have been increasingly subjected to fraud schemes, and access to confidential UC information has increasingly become critical for supporting Federal officials in their oversight responsibilities to hold State UC agencies accountable for ensuring the integrity of the UC programs. As a result, this final rule conforms the regulation to reflect both the oversight responsibility of Federal officials and that disclosures to Federal officials for purposes of UC program oversight and audits are necessary for the proper administration of the program.

Agencies are free to change their existing policies as long as they provide a reasoned explanation for the change. *Encino Motorcars, LLC* v. *Navarro,* 579 U.S. 211, 221 (2016). The Department has provided a reasoned explanation for amending the permissible disclosure at § 603.5(i) to be a mandatory one at § 603.6(c), pursuant to its discretionary authority to determine what methods of administration are necessary under sec. 303(a)(1), SSA. Accordingly, this rule is a reasonable exercise of the agency's statutory authority to determine what methods of administration are reasonably calculated to ensure payment of benefits when due.

b. Executive Order No 14243 Is Not the Basis for This Regulation

Comments: A number of commenters asserted that there is a conflict between the language of sec. 303(a)(1), SSA, and E.O. 14243, and argued that the E.O. cannot be the basis for this regulation. An advocacy organization questioned the legality of E.O. 14243 but also noted that even the E.O. acknowledges that the authority for unfettered access is only to the extent it is allowed under the SSA.

Response: The Department does not rely on E.O. 14243 for authority to promulgate the regulation. As explained above, the Department properly derives authority for this final rule from sec. 303(a)(1), SSA.

c. This Rule Does Not Present a Major Questions Doctrine Issue and Does Not Lack Congressional Authorization

Comments: A few commenters disagreed with the Department's reliance on sec. 303(a)(1), SSA, for authority, arguing that this rule constitutes a ''major question'' and lacks clear congressional authorization. An advocacy organization asserted that the Department's interpretation of sec. 303(a)(1) is overbroad and stated that ''[c]ourts have repeatedly held that general administrative provisions do not authorize sweeping new mandates absent clear congressional authorization.'' Further, the commenter argues that this rule implicates the major questions doctrine, stating that ''[t]he United States Supreme Court emphasized that in cases involving 'major questions' of 'vast economic and political significance,' agencies require 'clear congressional authorization.''' According to the commenter, this rule presents a major question without clear congressional authorization.

Response: The Department does not agree. The major questions doctrine provides that if on review a court finds that an agency action has vast political and economic significance and involves a shift in policy regarding a major issue, a reviewing court will critically assess whether Congress meant to confer authority on the agency to take such an extraordinary action. *West Virginia* v. *EPA,* 597 U.S. 697, 700 (2022) (citing *FDA* v. *Brown & Williamson Tobacco Corp.,* 529 U.S. 120, 159–60 (2000)). In such cases, the agency action will only be upheld if it is supported by ''clear congressional authorization'' in the statutory language. *Id.* (citing *Utility Air Regulatory Grp.* v. *EPA,* 573 U.S. 302, 324 (2014)).

This final rule is not an instance of extraordinary agency action. As described in detail above, the Department has long interpreted the disclosure of confidential UC information to be required when necessary for proper and efficient administration of the program (*see, e.g.,* § 603.6(a)). Due to the growing need to address fraud in UC programs, as explained previously in the Regulatory History section of this preamble, and the responsibility of Federal officials to hold States accountable for doing so, the Department has determined that requiring disclosures for purposes of UC program oversight and audits is necessary for the proper administration of the program under sec. 303(a)(1), SSA, and, therefore, a condition of certification for UC administrative funding. The Department has determined that this oversight is necessary in part because program performance metrics have not sufficiently improved. This rule, which merely makes certain disclosures States are generally already making a required rather than a permissible disclosure, is not a major policy change, nor is it economically or politically significant. Accordingly, it does not constitute an extraordinary agency action or major question for the purpose of the major questions doctrine.

d. This Rule Is Not an Improper Shift of Power to the Federal Government

Comments: An advocacy organization wrote that this rule is a shift of power toward the Federal Government, that it is a new interpretation of sec. 303(a)(1), SSA, and that although the provision allows the Secretary to require States to implement methods of administration necessary for the proper and efficient administration of the UC program, it has not been interpreted to require mandatory sharing of confidential UC data with the Department. The commenter stated the Department must point to clear congressional authorization for its claimed authority, particularly when it imposes a significant shift of power from the States to the Federal Government. And another advocacy organization argued that nothing in the statute authorizes the Department to ''compel States to provide wholesale access to wage records, Social Security numbers or employer data.'' Instead, the advocacy organization argues ''[t]he statutory purpose is to ensure workers receive their benefits 'when due,' not to build a national surveillance system.'' Emphasizing that the UC system is intended to be a cooperative federalism system, the commenter argues that the

Department, in promulgating this rule, asserts authority that is much broader than the authority granted in the authorizing statute. Another commenter concluded that the August 2025 NPRM would place new obligations on States that would alter the Federal-State partnership governing UC and exceed the Department's authority under the statute.

Response: As stated above in detail, this final rule is the codification of current Department expectation and State practice. Under sec. 303(a)(1), SSA, the Department has clear congressional authority to determine such disclosure is a method of administration necessary for the proper and efficient administration of the UC program. States are already providing information to the Department and DOL–OIG regularly for purposes of UC program oversight and audits under the existing regulation set forth at § 603.5(i). Furthermore, fraud detrimentally impacts a State's ability to pay benefits ''when due,'' because it drains government resources that would otherwise serve the State's administration of benefits to other workers.

e. Statutory Authority Comes From 303(a)(1), Not 303(a)(6), SSA

Comments: Commenters asserted that sec. 303(a)(6), SSA, which relates to the requirement that States, as a condition for receiving administrative grants, provide reports to the Secretary, should be used as the statutory basis for this rule.

Response: The Department disagrees with comments that argue the authority for this final rule should come from sec. 303(a)(6), SSA, instead of 303(a)(1), SSA. This final rule requires disclosure of confidential UC information to Federal officials for purposes of UC program oversight and audits. Section 303(a)(6) requires that State UC laws include provisions for ''[t]he making of such reports, in such form and containing such information, as the Secretary of Labor may from time to time require.'' The word ''reports'' in 303(a)(6) has historically been interpreted as distinct from raw data and both reports and the provision of raw data support UC program oversight and audits. In this final rule, the Department does not opine on the Department's authority to collect UC program information in the form of ''reports'' under sec. 303(a)(6).

The provision of disclosing confidential UC data to Federal officials for purposes of UC program oversight and audits facilitates critical efforts in holding State UC agencies accountable for identifying and preventing fraud activities in UC programs, which in turn reduces improper payments of benefits. Therefore, sec. 303(a)(1) stands as the basis for requiring disclosures to Federal officials for purposes of UC program oversight and audits.

2. Legal Background

a. Privacy Act of 1974

Comments: Commenters expressed several concerns regarding compliance with the Privacy Act, including that the Department risks improperly disclosing federally held personal records without consent, exceeding the scope of its published SORN, exceeding the ''routine use'' exception, and violating the minimization principle. An advocacy organization was concerned that the proposed rule would not follow the Privacy Act's agency obligation to provide clear notice to individuals regarding how their information would be collected, maintained, and disclosed, nor would it contain a required provision requiring notice to UC claimants that their personal data would be shared with Federal officials. The advocacy organization argued that UC claimant data is collected under the SSA for the limited purpose of administering unemployment benefits, not for Federal investigations or potential law enforcement purposes. Therefore, the commenter reasoned, mandating disclosure for use beyond that purpose risks violating the Privacy Act's requirement that agencies collect and maintain only that data that is ''necessary'' to accomplish their statutory mission.

Response: The Department does not intend this final rule to supersede or conflict with the requirements of any Federal law, including the Privacy Act of 1974, 5 U.S.C. 552a, as amended. The Department must protect the confidential UC information it collects and maintains pursuant to this final rule in accordance with all requirements under the Privacy Act of 1974, 5 U.S.C. 552a, as amended, as well as all other applicable Federal laws. Federal officials, including those within the Department and DOL–OIG, have long collected and maintained confidential UC information for purposes of UC program oversight and audits to ensure the integrity of the UC program and that benefits are paid when due as required by sec. 303(a)(1), SSA. Any Federal official outside the Department that obtains confidential UC information under this rule for purposes of UC program oversight and audits will also be required to comply with all applicable Federal laws, including the Privacy Act.

b. Constitutional Questions

Comments: A commenter wrote that allowing unemployment data to be repurposed would deny individuals notice of the information disclosure, remove their ability to contest data use, and violate due process under the Fifth Amendment. An advocacy organization similarly argued that allowing unfettered access to confidential unemployment data without regard for the right to privacy would violate the Fourth Amendment.

An advocacy organization argued that the Department's rule lacks the ''clear notice'' required by the Spending Clause and constitutes an unlawful ''retroactive'' grant condition. The commenter further asserted that ''the proposal's undefined requirement for States to share data for unspecified 'oversight and audits''' would be a ''fundamental shift in the program'' that the States could not anticipate and would exceed the limitations imposed by the Constitution's Spending Clause. In making this argument, the commenter referenced UC program confidentiality rules that, according to the commenter ''have included only limited provisions for sharing [data] with Federal agencies,'' including the original regulations from 1986 that permitted States to share information with DOL only for the purpose of determining eligibility or benefit amounts and the existing regulations, which ''require disclosure only as 'necessary for the proper administration of the UC program' or to specific agencies for specific purposes.'' The same advocacy organization further asserted that retroactive conditioning of Federal funds would ''violate anti-commandeering principles of the Tenth Amendment'' because it commands States to share data as well as to build the infrastructure to do so.

Response: The Department disagrees with the assertion that the Department's rule fails to provide the ''clear notice'' required by the Spending Clause. In *South Dakota* v. *Dole,* the Supreme Court outlined the framework governing Congress's authority under the Spending Clause to attach funding conditions to Federal award programs. 483 U.S. 203 (1987). In relevant part the framework requires that ''if Congress desires to condition the States' receipt of federal funds, it must do so unambiguously, enabling the States to exercise their choice knowingly, cognizant of the consequences of their participation.'' *See id.*

This final rule meets this standard. It is clear and unambiguous. It plainly describes the disclosure in the regulatory text of 20 CFR part 603 that was permissible but is now a required condition upon which State receipt of UC administrative funding depends. Accordingly, contrary to the commenter's claim, this rule satisfies the requirement that a funding condition attached to a Federal grant program allow recipients to ''knowingly'' accept the provisions.

The same commenter also argues that the Department's rule is impermissibly ''retroactive'' under the Spending Clause and the anti-commandeering doctrine. However, counter to the commenter's assertion, this rule will not apply retroactively; administrative funding already provided to States will not be impacted by the new condition it establishes. Even after the effective date of this rule, which is 60 days after publication, the compliance date gives States 1 year to amend their State laws, if needed, to ensure they receive certification for receipt of administrative funding. Accordingly, this rule does not impose a retroactive condition and, consistent with Spending Clause jurisprudence, the publication of this rule puts States on notice of a new requirement upon which future certification for administrative funding will depend so that they may knowingly choose to accept the term going forward.

Finally, for the reasons set out above, the required disclosure imposed by this rule does not commandeer the States. Indeed, Federal grant conditions are lawful so long as the States have a genuine choice whether to accept them. *Nat'l Fed'n of Indep. Bus.* v. *Sebelius,* 567 U.S. 519, 579 (2012). States may knowingly choose to accept the terms, going forward.

Moreover, the Department does not agree with the commenter's claim that this rule is a significant shift in the program as it currently exists. All States already provide UC information to Federal officials as requested for purposes of UC program oversight and audits under § 603.5(i), which made the disclosure permissible and excepted such disclosure from the confidentiality requirement set forth in part 603. Due to the growing need to address fraud in the UC program, the Department has determined that requiring disclosures for purposes of UC program oversight and audits is necessary for the proper administration of the program under sec. 303(a)(1), SSA, and, therefore, a condition of certification for administrative funding for the UC program. This rule is a reasonable exercise of the agency's statutory authority to determine what methods of administration are required in order for a State to be certified to receive funding to administer the UC program and does not constitute an unlawful commandeering of the States.

D. Comments Regarding Requiring Rather Than Permitting Disclosures of Confidential UC Data to Federal Officials for Purposes of UC Program Oversight and Audits

1. Written Agreements

Comments: A State UC agency noted that absent a written agreement outlining the terms of the disclosures, States may be unable to track the movement of disclosed UC information. The agency further noted that in the event of a data breach, the lack of a written agreement will make it more difficult to determine who is responsible for the data breach, and potentially expose data requestors who have written agreements to legal and information technology expenses because the State will be unable to identify the source itself.

Another State UC agency expressed concern that the August 2025 NPRM would eliminate data-sharing agreements and safeguards that current Federal law at §§ 603.9 and 603.10 require for the disclosure of confidential UC information. The commenter asked for clarity regarding what sections of the confidentiality regulation apply to the mandated disclosure created by this rule, citing concerns about data breaches, leaks, and a loss of trust in the safety net system.

Response: The change to § 603.10 sets forth in this final rule is in response to these comments as well as others. The Department and DOL–OIG have an established working relationship with respect to UC program oversight and audits, and no written agreement is required for these disclosures under the current regulation. In response to the comments discussed above, among others, the Department added a new provision to § 603.10 that requires Federal officials other than the Department, DOL–OIG, and GAO, who are requesting information pursuant to § 603.6(c) to provide a request in writing to the State UC agency stating how the information will be used and how that use is for purposes of UC program oversight and audits. Additionally, this final rule requires requestors to limit their use of the information to the uses stated in the request, except as required by Federal law, and to cite to their authority for UC program oversight and audits. These justifications will increase transparency and are meant to provide context and accountability in data requests.

2. State UC Agency Impacts

a. Administrative Burdens and Possible Negative Impact on Services

Comments: A few commenters, including unions and legal services providers, argued that the August 2025 NPRM would impose burdens on State UC agencies, which already face difficulty in executing their missions under their current funding levels. Some of these commenters reasoned that the additional burdens would require agencies to divert IT, staff, and legal resources away from current functions, exacerbating the agencies' existing operational challenges. A union added that this would increase the risk of data breaches. An individual and an advocacy organization asserted that the August 2025 NPRM could create unnecessary or duplicative processes and waste Federal and State funding and tax dollars.

Some commenters raised concerns that the August 2025 NPRM could slow the delivery of payments under UC programs, noting that benefit processing is already slower than before the pandemic. Some pointed to recent funding disruptions and broader budget cuts as creating uncertainty about future administrative resources. Some unions and advocacy groups argued that this rule could divert critical staff and technology resources away from claims processing, potentially impacting timely payment of benefits.

Some advocacy organizations argued that the August 2025 NPRM lacked clarity regarding the data collected, preventing States from providing feedback on that collection. Similarly, some legal services providers asserted that DOL should not put burdens on State UC agencies during a time of greater workloads without sufficient clarification of the data requested and its purpose.

Commenters also highlighted confusion about how States would fund the costs associated with implementing this rule. Some noted understaffing, ongoing technology modernization, and reduced Federal support, such as through the rescission of one-time grants, as significant barriers. Commenters asked the Department to consider phased implementation, provide Federal funding or cost-sharing, and to require transparency measures to minimize administrative strain and ensure States can effectively comply.

Response: The Department notes that the scope of disclosure largely remains the same as the existing regulation and the Department believes the cost of changes will be minimal. States have been making disclosures for purposes of UC program oversight and audits to the Department and to Federal officials, including DOL–OIG, for several years now.

The Department clarifies that this final rule does not alter the existing regulation on the allowable scope of such a disclosure and does not modify protections or limitations on use of data that is applicable to these disclosures. The Department does not believe there will be a significant increase in UC data disclosures and therefore does not foresee a significant increase in legal, information technology, or human capital expenditures to divert resources away from current staff functions. The Department disagrees that this final rule increases the risk of data breaches or does not provide sufficient information to States regarding data to be collected. This final rule takes what States are permitted to do currently, and all States have been doing, and makes it a requirement. States' previous disclosures have provided sufficient experience to be able to comment effectively on this rule.

The Department's addition to § 603.10(e) requires certain Federal officials, other than the Department, DOL–OIG, and GAO, to provide requests in writing to the State UC agency stating how the information will be used and how that use is for purposes of UC program oversight and audits; to limit their use of the information to the uses stated in the request, except as required by Federal law; and to cite the Federal official's authority for UC program oversight and audits under § 603.6(c). This addition provides clarity to States responsible for disclosing confidential UC information to Federal officials other than the Department, DOL–OIG, and GAO.

Additionally, the Department's amendment to § 603.8 makes clear that disclosures for purposes of UC program oversight and audits are chargeable to a State's UC administrative grant.

b. Interaction With State Laws

Comments: A union, a few advocacy organizations, and an individual commenter expressed concern that this rule lacked sufficient clarity such that State UC agencies would not be able to understand how the August 2025 NPRM would interact with existing State laws, would potentially duplicate existing processes, or both.

Response: The Department clarifies that this final rule does not alter the existing regulation on the allowable scope of such a disclosure and does not modify protections or limitations on use of data that is applicable to these disclosures. This final rule takes what States are permitted to do currently and all States have been doing and codifies this as a requirement.

c. Inappropriate Burdens on Smaller States

Comments: A few commenters warned that agencies in smaller States might face heavy burdens, including significant IT and compliance costs that could disrupt legitimate service delivery instead of decreasing fraudulent benefit payments.

Response: This final rule does not alter the scope of disclosures under the existing regulation. This final rule takes what States are permitted to do currently and all States have been doing, including smaller States, and makes it a requirement.

3. UC Claimant Impacts

a. Risk to Privacy

Comments: A few commenters, including advocacy organizations, critiqued the August 2025 NPRM for insufficiently demonstrating that the problem this rule is solving warrants the high risk to the privacy of individuals. An advocacy organization called the August 2025 NPRM ''overly broad'' for authorizing the sharing of sensitive data without a clearly identified purpose or reasonable suspicion of fraud and argued that such access must be balanced with the need for privacy. Another advocacy organization argued that DOL failed to establish a nexus between the required data and the purposes of this rule, noting the high risk to individual privacy.

Response: With respect to the purpose of this final rule, the August 2025 NPRM described the rise of fraud in the UC program and especially called out the increase in sophisticated multistate schemes as necessitating this final rule. The existing regulation does not address the realities of the ever-increasing sophistication of fraud schemes, and in particular organized multistate schemes. Increased data availability for Federal officials to perform UC program oversight and audits will allow the Federal Government to hold State UC agencies accountable for and further assist States in identifying and preventing fraud. This final rule adds § 603.10(e) to address some of the concerns commenters expressed with respect to the purpose of such disclosures. Further, the Department notes that the purpose of disclosures under § 603.6(c), UC program oversight and audits, is explicit in the provision.

b. Past Failures of Federal Data Control

Comments: Some commenters, including advocacy organizations, individual commenters, and a professional association, identified examples of recent actions by the Administration that the commenters claim eroded public confidence and where the commenters claim the Administration failed to safeguard sensitive data, including cybersecurity failures and mishandling of data by the Department of Government Efficiency. An individual commenter reasoned that it would be ''reckless'' for States to allow Federal control of confidential data without trust in Federal processes to protect that data. An individual commenter compared it unfavorably to examples of government practices that prioritize the protection of confidential personal data, describing U.S. Bureau of Labor Statistics (BLS) procedures that limit access to employer survey responses and monitor research projects.

Response: This final rule does not alter the existing regulation, as amended in 2006, regarding the allowable scope for disclosures of confidential UC information for purposes of UC program oversight and audits. Additionally, this final rule does not modify the protections or limitations on use of data that is applicable to required disclosures. This final rule takes what States are permitted to do currently, and which all States have been doing, and makes it a requirement. Any Federal official that obtains confidential UC information under this rule for purposes of UC program oversight and audits is required to comply with all applicable Federal laws, including those concerning security and privacy.

c. Concerns About Increased Oversight

Comments: A professional association, a union, and an individual commenter warned that the August 2025 NPRM could lead to increased and inappropriate oversight of private citizens, risking civil liberties violations. Similarly, some commenters expressed particular concerns that collected data would be shared with immigration enforcement agencies and used in enforcement targeting, unfairly impacting immigrants.

Response: The existing regulation at § 603.5(i) limits the scope of disclosures to those made for purposes of UC program oversight and audits. The August 2025 NPRM did not propose to alter the existing regulation on the allowable scope of such a disclosure, and this rule also does not modify the current protections or limitations on use of data that are applicable to required disclosures, including those that apply across the Federal Government.

d. Claimants Deterred From Interaction With UC System

Comments: Some commenters, including State UC agencies and an advocacy organization, asserted that the August 2025 NPRM could undermine confidence in the UC system, such that individuals may believe that their confidential information would not be adequately protected or would be used for broader purposes than UC oversight. Some commenters elaborated that this could deter legitimate claimants from accessing benefits under UC programs.

Response: This final rule does not alter the existing regulation on the allowable scope of such a disclosure, and this rule also does not modify protections or limitations on use of data that is applicable to required disclosures. This final rule takes what States are permitted to do currently and all States have been doing and makes it a requirement.

Any Federal official inside or outside the Department that obtains confidential UC information under this rule for purposes of UC program oversight and audits will be required to comply with all applicable Federal laws, including those concerning data security and privacy. Therefore, the Department believes this rule does not dissuade individuals from filing claims for benefits or otherwise present a realistic barrier to access.

e. Increased Safety Risk for Certain Communities

Comments: Some commenters, including advocacy organizations and individual commenters, criticized the August 2025 NPRM for lacking clarity on how the disclosed data would be secured and used, and furthermore expressed concern about the disproportionate harms that certain communities face when their private information is improperly disclosed or handled without sufficient care.

Response: This final rule continues disclosures of confidential UC information that have been permissible and occurring since 2006. This final rule does not alter the existing regulation on the allowable scope of such a disclosure, and this rule also does not modify protections or limitations on use of data that is applicable to required disclosures. This final rule takes what States are permitted to do currently and all States have been doing and makes it a requirement. Therefore, the Department believes this rule does not cause or create any new or increased safety risk for certain communities due to unauthorized disclosure nor dissuade individuals from filing claims for benefits or otherwise present a realistic barrier to access.

f. Recommendations To Limit Negative Impacts on UC Claimants

Comments: Several commenters, including advocacy organizations, a professional association, and a State UC agency, advocated for modifications to the August 2025 NPRM that would provide greater protections for UC claimants, such as improving transparency about data collection and use practices, prohibiting the use of UC information in immigration enforcement, and generally protecting against inappropriate use of confidential UC information. Another advocacy organization urged the Department to clarify who would have data access, limit that access to a small group of civil servant DOL employees, and limit the extent of their access to specific fraud investigations. Similarly, a few commenters requested that the Department clarify limitations on data use and sharing and specify disposal requirements.

Response: The existing regulation at § 603.5(i) limits the scope of disclosures to those that are for purposes of UC program oversight and audits. This rule does not alter the existing regulation on the allowable scope of such a disclosure, and this rule also does not modify the current protections or limitations on use of data that are applicable to required disclosures, and those that apply across the Federal Government.

Further, the Department's addition of § 603.10(e), requires certain Federal officials other than the Department, DOL–OIG, and GAO, to provide requests in writing to the State UC agency stating how the information will be used and how that use is for purposes of UC program oversight and audits under § 603.6(c); to limit their use of the information to the uses stated in the request, except as required by Federal law; and to cite the Federal official's authority for UC program oversight and audits. This addition provides clarity to States responsible for disclosing confidential UC information to Federal officials.

g. Call for Specific Data Elements To Be Enumerated

Comments: An advocacy organization and some individual commenters requested that the Department withdraw the August 2025 NPRM until it can clarify which information would be disclosed under the NPRM, such as whether it would extend beyond claims data to wage data, payment records, or other information beyond what is required for claims processing. Some of these commenters expressed particular concern about expanding the disclosure to include wage data, reasoning that such information is especially sensitive and its disclosure would have heightened implications for both individuals and States.

Response: The Department declines to enumerate an exhaustive list of specific data elements required to be disclosed as this can vary in accordance with the specific UC program oversight or audit activity taking place. This rule does not change what UC information is subject to disclosure under § 603.5(i) for purposes of UC program oversight and audits, but rather, makes such disclosures a requirement. This final rule does not expand the categories of information that may be disclosed, nor does it authorize new uses of such information; rather, it takes what States are permitted to do currently and all States have been doing and makes it a requirement. Nor does the existing regulation specify specific data elements for other disclosures. Codifying a rigid list of data elements would unnecessarily constrain the oversight and audit function of Federal officials, as well as the UC system's ability to respond in a timely and effective manner to emerging fraud schemes and other risks that often evolve rapidly. Maintaining flexibility within established confidentiality protections allows the Federal-State partnership to adapt oversight activities as needed while continuing to safeguard claim information. The Department notes that Federal officials requesting data may do so, where applicable, in accordance with the Privacy Act, and issue SORNs, which identify the information being collected and are publicly available.

4. Employer Impacts

a. Concerns Regarding Sensitive or Confidential Information

Comments: A State UC agency, a coalition of advocacy organizations, and an individual commenter expressed concern about releasing confidential or sensitive UC data to DOL. Likewise, State UC agencies critiqued the August 2025 NPRM for not defining a ''Federal official'' or which Federal entities or officials would gain access to the disclosed data for what purposes or oversight. A State UC agency articulated that while current practice allows States the discretion to determine if an information request aligns with State interest, the NPRM would remove State discretion and data control.

Response: This final rule does not alter the existing regulation, as amended in 2006, regarding the allowable scope of disclosures of confidential UC information for purposes of UC program oversight and audits. Additionally, this final rule does not modify the protections or limitations on use of data that are applicable to required disclosures. This final rule takes what States are permitted to do currently, and which all States have been doing, and makes it a requirement. Any Federal official that obtains confidential UC information under this rule for purposes of UC program oversight and audits is required to comply with all applicable Federal laws, including those concerning security and privacy. With respect to concerns about defining ''Federal official'' or identifying specific Federal entities, the definition of ''Federal official'' has not been altered and retains the same meaning as in the existing regulation. The Department notes that access to confidential UC information is limited to authorized personnel acting within the scope of their official duties related to UC program oversight and audits.

Regarding deference to State discretion over whether to provide requested information, the Department emphasizes that the UC program is a Federal-State partnership in which Federal oversight is a core statutory responsibility. Effective program integrity in the UC system increasingly depends on the ability to identify risks and fraud schemes. Responding to requests from Federal officials seeking confidential UC information for purposes of UC program oversight and audits enables nationwide analysis, coordination, and oversight that individual States, acting alone, are not positioned to perform. Federal access to this information for purposes of UC program oversight and audits supports the detection of multistate fraud patterns, the assessment of systemic vulnerabilities, and the development of targeted guidance and corrective actions that strengthen the integrity of the UC system as a whole. Requiring disclosure of this information removes any barriers to access that might arise: (1) when the requirement for such disclosure is subject to time-limited conditions of individual grants; or (2) States choosing not to disclose due to the disclosure being permissive—thus streamlining access to data now and into the future. Mandating disclosure strengthens overall program integrity by, among other things, ensuring that oversight activities are informed by complete and consistent data, thereby protecting public resources.

Further, the Department's addition to § 603.10(e), requires certain Federal officials other than the Department, DOL–OIG, and GAO to provide requests in writing to the State UC agency stating how the information will be used and how that use is for purposes of UC program oversight and audits under § 603.6(c); to limit their use of the information to the uses stated in the request, except as required by Federal law; and to cite the Federal official's authority for UC program oversight and audits. This addition provides clarity to States responsible for disclosing confidential UC information to Federal officials.

b. Recommendations for Limits on Data Sharing

Comments: Some State UC agencies recommended that the Department explicitly clarify limits on data sharing and usage to protect the confidentiality of employer information, including by providing clear and strict parameters for storing, maintaining, and securing data.

Response: This final rule does not expand the categories of information that may be disclosed, nor does it authorize new uses of such information; rather, it requires disclosure of information that States are already disclosing to Federal officials for purposes of UC program oversight and audits. Any Federal official that obtains confidential UC information under this rule for purposes of UC program oversight and audits will be required to comply with all applicable Federal laws, including the Privacy Act. Further, in response to concerns raised by commenters, § 603.10(e) of this final rule now specifies that other Federal officials who request confidential UC information from State UC agencies must limit their use of the confidential UC information to the uses stated in the written request, except as required by Federal law.

5. Suggestions for Other Approaches the Department Could Take

a. Updating Rulemaking

Comments: An advocacy organization reasoned that the August 2025 NPRM would benefit from more feedback from experts and advocates, and so recommended that DOL issue an updated RFI to solicit additional information from the regulated community and stakeholders, and then prepare an updated NPRM based on that feedback. Similarly, an individual commenter urged DOL to consult with employers and payroll departments to develop a new NPRM that would provide more information to States and employers about the kinds of data that would be collected and how it would be used.

Response: The Department declines the recommendation to issue an additional RFI or to initiate a new NPRM for this change. As explained in the August 2025 NPRM and in the letter denying the comment period extension requests posted to the docket, the Department previously engaged with the regulated community on the topics covered in the August 2025 NPRM, including through the 2023 RFI. The Department also announced at that time that it was considering comprehensive updates to the UC confidentiality regulations and that information received in response to the 2023 RFI would inform and be considered by the Department as part of that potential rulemaking. The August 2025 NPRM was more limited in scope than the 2023 RFI and included a 30-day comment period for stakeholders to further provide comment on the changes the Department proposed to make to the Part 603 regulation.

b. Consider Existing or Targeted Policy Approaches

Comments: Several commenters recommended alternative targeted approaches to strengthen fraud prevention, such as increasing grants to States, developing interstate data cooperation mechanisms, establishing a limited-scope channel for IGs to collect specific records, and using aggregated data to identify potential areas for fraud and target more specific data requests. A union also emphasized the importance of congressional action to prevent fraud in the UC system. Commenters also discussed State efforts already underway, including using Department-provided tools under the Unemployment Insurance Integrity Center. A union identified declining improper payment rates as evidence current State efforts are working, thus precluding the need for this rule. The individual commenter went further, criticizing the Department for declining to consider such alternative, targeted policy solutions in the August 2025 NPRM. Some unions reasoned that because the emergency programs established during the pandemic, which saw high rates of fraud, have since expired, any fraud that resulted from those programs also will have ceased, thus eliminating the need for the NPRM.

Response: The Department agrees that strengthening fraud prevention in the UC system requires sustained attention and continued investment. Although fraud associated with pandemic-era programs has declined following the expiration of those programs, fraud and improper payments in the UC system remain a persistent concern. The UC program operates counter-cyclically. Arguments that the type of fraud experienced during the pandemic was unique to the now-expired CARES Act programs do not address the realities of the ever-increasing sophistication and national-scope of fraud schemes, or the need to ensure the resilience of the UC system for future economic downturns. Longstanding structural challenges, such as legacy information technology systems, staffing constraints, and uneven fraud detection capabilities, continue to create vulnerabilities. As documented by DOL–OIG, pandemic aside, the UC program has experienced some of the highest improper payment rates across Federal programs for many years, underscoring the ongoing need for effective oversight and modernization.[8]

The Department does not view this final rule as inconsistent with, or a substitute for, the existing or targeted policy approaches recommended by commenters. To the contrary, many of the strategies cited, such as identity verification tools, IT modernization efforts, interstate coordination mechanisms, and the use of aggregated data to identify risk, are complementary to providing data access for purposes of UC program oversight and audits. With respect to the improper payment rate, while it has declined since the pandemic ended, the decline resulted from significant joint efforts between the States and the Federal Government, and yet the national average remains above the ten percent target.

The Department considered alternatives such as reliance on voluntary cooperation, existing policy tools, or targeted initiatives. However, those approaches alone do not provide the level of consistency and timeliness necessary for effective oversight of the UC system.

6. Other Comments About the Proposed Requirement

a. Unspecified Use of Disclosed Data

Comments: Some commenters, including State UC agencies and advocacy organizations, expressed concern that the August 2025 NPRM did not specify the purpose and use of the collected confidential UC information, with a State UC agency and State elected official urging the Department to describe and limit the uses of the collected information. An advocacy organization similarly recommended that the Department withdraw the August 2025 NPRM to address these concerns and identify specific data points requested and the reasons for each. Likewise, an anonymous commenter wrote that data usage should be limited to program integrity audits and fraud detection and that restricting eligibility for or reduction of benefits should be prohibited. Finally, some commenters expressed concern that the Department's statements about E.O. 14243 indicate that the Department wants unfettered access to confidential UC information and that the Department has been unclear about whether either the Department will share confidential information beyond the needs of the UC program or the States will be required to widely share confidential UC information with Federal officials who may use the data for various non-UC purposes.

Response: The Department reiterates that any Federal official that obtains confidential UC information under this rule for purposes of UC program oversight and audits will be required to comply with all applicable Federal laws, including the Privacy Act. These purposes are consistent with existing statutory and regulatory authority and do not extend to Department actions on eligibility determinations or benefit reductions. Furthermore, the Department added a new provision to § 603.10 that requires Federal officials other than the Department, DOL–OIG, and GAO who are requesting information pursuant to § 603.6(c) to provide requests in writing to the State UC agency stating how the information will be used and how that use is for purposes of UC program oversight and audits; to limit their use of the information to the uses stated in the request, except as required by Federal law; and to cite to the Federal official's authority for UC program oversight and audits.

b. Lack of Privacy Protection for Disclosed Data

Comments: State UC agencies and an anonymous commenter expressed concern that the August 2025 NPRM did not include provisions detailing, nor did the NPRM provide any assurances regarding how the Department will protect and secure the confidential UC information it will collect and store under this rule. A State UC agency elaborated that the threat of data breaches continually increases as data hacking grows more sophisticated. Similarly, a different State UC agency questioned what data transfer methodology would be used, expressing concern that data technologies in their State might have insufficient firewall protections despite ongoing modernization efforts. The commenter further remarked that without data-sharing agreements, States might be vulnerable to legal liability for data breaches. An anonymous commenter urged the Department to mandate protections such as encryption, data minimization, and destruction timelines for data that is no longer needed. Another State UC agency wrote that the August 2025 NPRM would ''undoubtedly'' put confidential UC information at risk.

Response: This final rule does not alter the existing regulation, as amended in 2006, regarding the allowable scope of such disclosures of confidential UC information for purposes of UC program oversight and audits. Additionally, this final rule does not modify the protections or limitations on use of data that is applicable to required disclosures. This final rule takes what States are permitted to do currently, and which all States have been doing, and makes it a requirement. Any Federal official that obtains confidential UC information under this rule for purposes of UC program oversight and audits is required to comply with all applicable federal laws, including those concerning security and privacy.

c. Undefined Terms

Comments: Some commenters, including State UC agencies and an advocacy organization, described issues that could arise from terms being left undefined in the August 2025 NPRM, including whether the data could be used for other purposes and who could request this data. Commenters particularly identified ''Federal official,'' ''oversight,'' and ''UC program oversight and audits'' as terms they recommend be defined.

Response: Under this final rule a State UC agency must disclose confidential UC information to Federal officials for purposes of UC program oversight and audits. In requiring disclosure of information that is already permissible to disclose under existing confidentiality regulations, the terms ''Federal official'' and ''UC program oversight and audits'' retain the same meaning as in the existing regulation. Thus, the Department is not defining those terms in this final rule.

[8] DOL–OIG, ''U.S. Department of Labor's Top Management and Performance Challenges,'' Jan. 2026, *https://www.oig.dol.gov/public/DOL-OIG%202025%20Top%20Management%20and%20Performance%20Challenges.pdf.*

d. Requests To Retain Regulatory Language

Comments: A few State UC agencies specified a preference for the Department to retain the current regulatory language of § 603.5(i) without adding any regulatory text to § 603.6.

Response: The Department considered retaining the current regulatory language in § 603.5(i) without adding a required disclosure to Federal officials for purposes of UC program oversight and audits to § 603.6. However, this proposed change provides for the Secretary and other Federal officials to be able to obtain the information needed from State UC agencies by removing barriers that might arise: (1) when the requirement for such disclosure is subject to time-limited conditions of individual grants; or (2) States choosing not to disclose due to the disclosure being permissive. This regulatory change streamlines access to the data now and into the future, thereby strengthening overall program integrity and ensuring proper oversight of the UC program. Audits and oversight of the UC program by the Department, DOL–OIG, and other Federal officials are essential for detecting fraud vulnerabilities and identifying possible solutions, and are necessary to hold State UC agencies accountable for administering the UC program consistent with Federal law requirements. The rise of fraud incidents and sophisticated multistate fraud schemes demand action by the Department to strengthen program integrity and safeguard the UC program from fraudulent activity.

7. Implementation, Compliance, and Enforcement

Comments: A few commenters provided suggestions to improve implementation of the August 2025 NPRM. A couple State UC agencies asserted that implementation would require rule and legislative changes in their State, with one warning that such changes could not be made immediately. An individual commenter recommended that the Department consider time-limited pilots with sunset clauses as a possible moderated policy approach.

Another individual commenter noted that States vary widely in terms of their privacy laws, data storage capabilities, and technical capacities, and warned that assuming uniform readiness among the States to implement the August 2025 NPRM would lead to unattainable compliance standards and result in many agencies potentially facing penalties for circumstances beyond their control.

Response: The Department notes that the scope of disclosure largely remains the same as the existing regulation and the Department believes the cost of changes will be minimal. States have been making disclosures for purposes of UC program oversight and audits to the Department and DOL–OIG for several years now. Even after the effective date of this rule, which is 60 days after publication, the compliance date gives States 1 year to amend their State laws, if needed.

8. Administrative Procedure Act Arguments

Comments: Some commenters argued the August 2025 NPRM did not meet the requirements of the Administrative Procedure Act (APA). The commenters raised concerns that the NPRM lacked sufficient detail for commenters to meaningfully respond and that the Department did not provide adequate notice and period to respond. Additionally, commenters concluded that the NPRM fell short of the APA's requirements on several fronts, namely by failing to offer adequate justification, ignoring States' reliance interests under existing confidentiality laws, and not considering less intrusive alternatives (*e.g.,* aggregate or de-identified data).

Response: The Department disagrees with the commenters' assertions that the August 2025 NPRM did not meet the requirements of the APA. The Department notes that in addition to discussing the proposed changes to the regulatory text, the August 2025 NPRM provided specific regulatory text. The Department is adopting that text with changes that, as discussed above, stem directly from the comments received. The Department provided adequate notice and opportunity for comment through the publication of the August 2025 NPRM and the 2023 RFI, and their accompanying comment periods, as explained in section II of this preamble.

As explained in the August 2025 NPRM and throughout this preamble, the Department is amending part 603 to require disclosure of confidential UC information to Federal officials, including DOL–OIG, for purposes of UC program oversight and audits to ensure the UC program is being administered consistent with Federal law and to identify and prevent fraud. The Department did not identify reliance interest concerns under existing confidentiality laws as the purpose and scope of the subject disclosures have not changed. The disclosures required by this final rule, which are already permissible and occurring under existing confidentiality regulations for purposes of Federal oversight and audits, remain subject to existing confidentiality, privacy, and data-security requirements.

The statement that the Department failed to consider less intrusive alternatives is incorrect. The Department analyzed reasonable regulatory alternatives, including making no change to part 603 concerning disclosure of confidential UC information to Federal officials. Ultimately, the Department determined this final rule was necessary to ensure the UC program is being administered consistent with Federal law and to identify and prevent fraud. The Department's analysis is detailed in section IV.A.2 of this preamble.

IV. Rulemaking Analyses and Notices

A. Executive Orders 12866 (Regulatory Planning and Review), 13563 (Improving Regulation and Regulatory Review), and 14192 (Unleashing Prosperity Through Deregulation), and Subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996

E.O. 12866, ''Regulatory Planning and Review'' (58 FR 51735 (Oct. 4, 1993)), requires agencies, to the extent permitted by law, to: (1) propose or adopt a regulation only upon a reasoned determination that its benefits justify its costs (recognizing that some benefits and costs are difficult to quantify); (2) tailor regulations to impose the least burden on society, consistent with obtaining regulatory objectives, taking into account, among other things, and to the extent practicable, the costs of cumulative regulations; (3) select, in choosing among alternative regulatory approaches, those approaches that maximize net benefits; (4) to the extent feasible, specify performance objectives, rather than specifying the behavior or manner of compliance that regulated entities must adopt; and (5) identify and assess available alternatives to direct regulation, including providing economic incentives to encourage the desired behavior, such as user fees or marketable permits, or providing information upon which choices can be made by the public.

Section 6(a) of E.O. 12866 also requires agencies to submit ''significant regulatory actions,'' as defined by section 3(f) of that order, to the Office of Information and Regulatory Affairs (OIRA), which is part of the Office of Management and Budget (OMB). OIRA has determined that this final rule is a ''significant regulatory action'' under section 3(f) of E.O. 12866. Accordingly, this final rule was submitted to OIRA for review. E.O. 13563 directs agencies to propose or adopt a regulation only upon a reasoned determination that its benefits justify its costs; it is tailored to impose the least burden on society, consistent with achieving the regulatory objectives; and in choosing among alternative regulatory approaches, the agency has selected those approaches that maximize net benefits.

E.O. 14192, titled ''Unleashing Prosperity Through Deregulation,'' was issued on January 31, 2025. This final rule is exempt from E.O. 14192 pursuant to section (5)(c) of the E.O.

Pursuant to Subtitle E of the Small Business Regulatory Enforcement Fairness Act of 1996, also known as the Congressional Review Act (5 U.S.C. 801 *et seq.*), OIRA has designated this rule as not a ''major rule,'' as defined by 5 U.S.C. 804(2).

1. Statement of Need

The Department amends 20 CFR part 603 to require, rather than permit, the disclosure of confidential UC information to Federal officials for purposes of UC program oversight and audits. Since this regulation was first promulgated, and as State UC operations have evolved, States have faced increased fraud incidents, including sophisticated multistate fraud schemes by organized criminals. During the COVID–19 pandemic, there was a sizable increase in fraudulent activity costing UC programs billions of dollars according to estimates by DOL–OIG. DOL–OIG identified $45.6 billion in potentially fraudulent benefits under UC programs in six high-risk areas,[9] and it estimated $191 billion in benefits under UC programs during the pandemic period could have been paid improperly, with a significant portion attributable to fraud.[10]

The Secretary must have the tools necessary to ensure that UC programs are administered consistent with the requirements of Federal law. Mandatory disclosure of confidential UC information to Federal officials, including DOL–OIG, for purposes of UC program oversight and audits is essential to ensure the UC program is being administered consistent with Federal law and to identify and prevent fraud. Codifying the requirement for such disclosures allows Federal officials to fully utilize UC program oversight and audits to hold State UC agencies accountable in identifying and preventing fraud in UC programs.

2. Alternatives Considered

OMB Circular A–4, which outlines best practices in regulatory analysis, directs agencies to analyze reasonable regulatory alternatives to the proposed regulatory action. Accordingly, the Department considered two alternatives regarding disclosure of confidential UC information to Federal officials for purposes of UC program oversight and audits.

The first alternative was to make comprehensive updates to part 603, including to require States to disclose confidential UC information to DOL–OIG for purposes of UC program oversight and audits. The comprehensive updates the Department considered and that were described in the Fall 2024 Unified Agenda of Regulatory and Deregulatory Actions would have included additional amendments regarding issues raised by stakeholders over the years, including addressing questions around sharing information across the workforce system, the permissibility and use cases of sharing information with agencies within the Department for analysis and evaluation, the permissibility of disclosing confidential UC information to federally recognized Indian Tribes, data warehousing, and the use of contractors and subcontractors. While the Department gained valuable information from the engagement with stakeholders and the 2023 RFI, the Department ultimately decided that the most critical step needed at this time was to address fraud in UC programs by ensuring that Federal officials, including DOL–OIG, have access to data to conduct oversight and combat fraud.

Another option considered was to make no change to part 603 concerning disclosure of confidential UC information to Federal officials, including to DOL–OIG. The Department decided against maintaining the status quo because the rise of fraud incidents and sophisticated multistate fraud schemes demand immediate action by the Department to ensure that Federal officials continue to have the access now and into the future to confidential UC information for purposes of UC program oversight and audits by removing any barriers that might arise: (1) when the requirement for such disclosure is subject to time-limited conditions of individual grants; or (2) States choosing not to disclose due to the disclosure being permissive. Proceeding with this regulatory change, thus, will strengthen the overall program integrity for Federal officials to hold States accountable for ensuring benefits are paid only to eligible individuals and withheld from those who are ineligible, thus assisting with the statutory requirement for accurate and timely payments under sec. 303(a)(1), SSA.

3. Economic Analysis

The Department conducted an economic analysis to determine the costs of this final rule and to consider the benefits and the impact of transfers under this rule. The Department recognizes potential costs of this rule for required one-time technological upgrades, compliance costs, and recurring costs related to data submission. However, data availability prevents the Department from estimating these costs. Despite its efforts to gather information through a survey of nine States, the 2023 RFI, and the August 2025 NPRM, the Department did not receive enough data that would allow for the quantification of realistic cost estimates. State UC agencies are largely already disclosing the information that this final rule codifies to the Department and DOL–OIG, minimizing any new costs.

Additionally, this final rule imposes a one-time regulatory familiarization cost on the 53 State UC agencies. These costs are associated with State UC agency staff reviewing the new regulation and conducting internal discussions and are determined using BLS Occupational Employment and Wage Statistics (OEWS) data and estimates of the time required to become familiar with this rule.

The Department considers the benefits of this final rule to be substantial, including ensuring program integrity and building and maintaining public trust in the UC system. Specific benefits include enhancement of fraud prevention, identification, and investigation and providing strong oversight and accountability through timely audits and evaluations. Data availability and uncertainty limit the Department's ability to quantify the benefits of this rule.

Comments: Some commenters, including an advocacy organization, a union, and individual commenters, expressed concern that the August 2025 NPRM's economic analysis was insufficient because it did not quantify the NPRM's costs or adequately demonstrate that its benefits outweigh its costs. An anonymous commenter suggested that the Department publish a

[9] DOL–OIG Alert Memorandum: *Potentially Fraudulent Unemployment Insurance Payments in High-Risk Areas Increased to $45.6 Billion Report Number: 19-22-005-03-315,* issued Sept. 21, 2022, *https://www.oig.dol.gov/public/reports/oa/2022/19-22-005-03-315.pdf.*

[10] ''The Greatest Theft of American Tax Dollars: Unchecked Unemployment Fraud,'' Hearing, Statement for the Record of Larry D. Turner, Inspector General, U.S. Department of Labor; House Committee on Ways and Means, Feb. 8, 2023, *https://www.oig.dol.gov/public/testimony/02082023.pdf.*

quantitative cost-benefit analysis and sector-specific prevalence data to justify the need for this rule. An advocacy organization specifically criticized the Department for not quantifying additional workloads on State UC agencies associated with broad, mandatory data-sharing requirements. The commenter furthermore warned that this rule would place increased strain on State UC agency budgets already stretched due to decreasing Federal funding, a strain that could interfere with State UC agencies' ability to fulfill their statutory obligations for prompt payment, risking material impacts on UC recipients.

Response: The Department does not anticipate that the costs associated with this final rule will be economically significant. States are currently processing permissible disclosure requests from Federal officials. Any additional costs would arise from the change to these being required disclosures. The Department does not expect a significant increase in the number of disclosures under this rule compared to the number of disclosures States provide to Federal officials for UC program oversight and audits under the existing regulation.

Despite its efforts to gather information through the 2023 RFI and the 2024 survey of nine States, the Department did not receive enough data to provide reasonable cost estimates. Moreover, the Department did not receive public comments or input in response to the August 2025 NPRM that would make quantification of the compliance costs feasible.

Comments: A few commenters critiqued the August 2025 NPRM as lacking evidence that it would add value to existing State UC integrity efforts. A few State UC agencies and a State elected official asserted that the NPRM likely would be duplicative of States' efforts to combat UC fraud and would not add value while introducing fiscal inefficiency and data security risks into the UC system. Further, the commenters cautioned that the Department would incur staffing and infrastructure costs to accommodate increased data storage, maintenance, and security.

Response: The Department recognizes that significant efforts have been made across the UC system to combat UC fraud. While the Department acknowledges commenters' concerns about potential overlap with State initiatives, the Department's primary goal is to enhance existing fraud prevention measures, thereby complementing State efforts rather than duplicating them, and informing efforts to hold States accountable for continuing such efforts.

Although the implementation of new requirements may incur staffing and infrastructure costs to the Department, these investments are crucial for strengthening the integrity of the UC system. The Department anticipates that this rulemaking will provide important benefits, particularly in terms of fraud prevention and program integrity.

a. Rule Familiarization Costs

Regulatory familiarization costs represent direct costs to the 53 State UC agencies with UC programs that will need to review the new regulation in order to implement it. Consequently, this final rule will impose a one-time familiarization cost to those entities in the first year after promulgation. The Department anticipates that the changes introduced by this rule will be reviewed by General and Operations Managers (SOC code 11–1021), Lawyers (SOC code 23–1011), and Computer Systems Analysts (SOC code 15–1211) employed by State UC agencies within the State government.[11] The Department anticipates that it will take one State UC Manager, one Lawyer, and one Computer Systems Analyst an average of 1 hour each to review this rule and hold a meeting concerning this rule.

The BLS OEWS data shows that the mean hourly wage of a State government General and Operations Manager is \$63.12.[12] The Department assumes a 62-percent benefits rate[13] and a 17-percent overhead rate,[14] so the fully loaded wage rate is \$112.98 [= \$63.12 + (\$63.12 × 62%) + (\$63.12 × 17%)]. The BLS OEWS data show that the mean hourly wage of a State government Lawyer is \$58.24.[15] The fully loaded wage rate is \$104.25 [= \$58.24 + (\$58.24 × 62%) + (\$58.24 × 17%)]. The BLS OEWS data show that the mean hourly wage of a State government Computer Systems Analyst is \$44.97.[16] The fully loaded wage rate is \$80.50 [= \$44.97 + (\$44.97 × 62%) + (\$44.97 × 17%)].

The time burden of 1 hour was multiplied by the estimated number of entities (53) and the total of the loaded hourly wage rate of the readers (\$112.98 + \$104.25 + \$80.50 = \$297.73). This calculation results in a one-time undiscounted cost of \$15,780 in the first year after this rule takes effect.

b. Technology Costs for State UC Agencies

This final rule may require States to update computer systems and security protocols in order to comply with Federal and State laws concerning safeguarding confidential UC information. State UC agencies already have processes and systems in place for providing information to Federal officials, including the Department and DOL–OIG. The Department is unable to quantify the number of States that may need to perform additional IT updates to accommodate the changes from this rule and determine whether updates will require upgrades to existing technology or the purchasing of new components.

Comments: Some individual commenters remarked that if States are required only to submit information they have already been providing in recent years, then updates to their IT systems would not be necessary. In the same vein, a union noted that the August 2025 NPRM stated that the NPRM could impose compliance costs for new technologies or upgrades to manage data submissions, but questioned what these potential costs might be if the NPRM would only continue current fraud prevention efforts. A State UC agency asserted it would face minimal impacts because it already provides this data to DOL on a quarterly basis.

Conversely, some unions expressed concern about potential costs to States to develop and maintain new IT systems or to reconfigure existing ones under this rule, especially amid Federal funding cuts.

A State UC agency said that they are currently undergoing modernization efforts and would need to consult with their vendor to determine the extent of changes and costs required to be compliant with the August 2025 NPRM.

Response: Regarding the absence of responses regarding cost estimates to the August 2025 NPRM, this gap in data is

[11] This analysis uses codes from the Standard Occupational Classification (SOC) system and the North American Industry Classification System.

[12] General and Operations Managers (11–1021), for industry type "State Government, excluding Schools and Hospitals," period May 2025. Data extracted on July 16, 2026, from *https://www.bls.gov/oes/*.

[13] BLS, "National Compensation Survey, Employer Costs for Employee Compensation," *https://www.bls.gov/ecec/data.htm* (last visited July 16, 2026). For State and local government workers, wages and salaries averaged \$39.87 per hour worked in 2025, while benefit costs averaged \$24.86, which is a benefits rate of 62 percent.

[14] Cody Rice, U.S. Environmental Protection Agency, "Wage Rates for Economic Analyses of the Toxics Release Inventory Program," June 10, 2002, *https://www.regulations.gov/document?D=EPA-HQ-OPPT-2014-0650-0005*.

[15] Lawyers (23–1011) for industry type "State Government, excluding Schools and Hospitals," period May 2025. Data extracted on July 16, 2026, from *https://www.bls.gov/oes*.

[16] Computer Systems Analysts (15–1211) for industry type "State Government, excluding Schools and Hospitals," period May 2025. Data extracted on July 16, 2026, from *https://www.bls.gov/oes*.

primarily due to insufficient information gathered. Stakeholders did not provide the Department with enough input to generate realistic cost projections from the 2023 RFI or the 2024 survey. Furthermore, the Department did not obtain any public comments or feedback based on the August 2025 NPRM that would enable the quantification of compliance costs.

As discussed in section II of this preamble, this final rule does not address the creation of a national UC claims database. Based on the changes in this final rule, many States will not face significant IT investment requirements, or require new IT systems, since many State UC agencies are already providing this information to Federal officials, including DOL–OIG, through permissible disclosures.

c. Costs for States To Make Changes to State Law

The requirements for disclosures under State law vary from State to State. This final rule establishes required disclosures for purposes of UC program oversight and audits where those disclosures were permissible under the existing regulation. All States already provide UC information to Federal officials on a regular basis for purposes of UC program oversight and audits under the existing regulation. The Department is unable to identify those State law requirements that would need to change to conform to this final rule and therefore cannot quantify any associated costs.

Comments: A State UC agency said no change in State laws would be required since its current State law permits sharing UC information with DOL, the Census Bureau, or their agents if required by law or as a condition of receiving Federal funding. Conversely, an individual commenter reasoned that because the August 2025 NPRM did not explain what data are implicated, States cannot estimate how their laws would be affected. A union asserted that the NPRM conflicted with State-level privacy protections in dozens of States.

Response: There are several States that enumerate in their State laws each of the Federally required disclosures of confidential UC information. These States will need to change their State laws to include the required disclosures to Federal officials for purposes of UC program oversight and audits. Due to differences between State laws, the Department is unable to quantify the costs associated with changing State laws.

d. Costs for Data Request Fulfillment

Grant funds may be used to cover the costs of providing required data under this rule to Federal officials for purposes of UC program oversight and audits. It is not clear whether the data requests received will be the same requests for data that States already fulfill, or whether the amended rule will result in new requests. Generally speaking, the Department does not expect the number of requests for disclosures to increase significantly because the purpose of the required disclosure remains narrow; however, there is a possibility that disclosure requests may increase. Because of this ambiguity, the Department cannot quantify the magnitude of the potential increased costs to the States of responding to the data requests. Further, State UC administrative grant funds may be used by the States, where available, to offset possible increases in costs.

Comments: An individual commenter said the August 2025 NPRM did not clarify how costs to States to comply with this rule would be paid.

Response: The Department's amendment to § 603.8 makes clear that disclosures for purposes of UC program oversight and audits are chargeable to a State's UC administrative grant.

e. Non-Quantifiable Benefits

This final rule is expected to generate several important unquantified benefits that support the integrity and effectiveness of the UC program. Chief among these is the enhancement of fraud prevention and detection capabilities. By requiring the disclosure of confidential UC information to Federal officials for purposes of UC program oversight and audits, this final rule removes any barriers that might arise: (1) when the requirement for such disclosure is subject to time-limited conditions of individual grants; or (2) States choosing not to disclose due to the disclosure being permissive. This regulatory change streamlines access to the data now and into the future, thereby strengthening overall program integrity for Federal officials to hold States accountable for ensuring that benefits are paid only to eligible individuals and withheld from those who are ineligible, thus assisting with the statutory requirement for accurate and timely payments under sec. 303(a)(1), SSA. This regulatory change also enables nationwide analysis, coordination, and oversight that individual States, acting alone, are not positioned to perform.

In addition, this final rule promotes stronger oversight and accountability by facilitating consistent and timely audits by Federal officials. This oversight helps the Federal Government to ensure that State UC programs are administered in compliance with Federal law and best practices. Federal access to this information helps identify multistate fraud patterns,[17] assess systemic vulnerabilities, and inform targeted guidance and corrective actions to strengthen the integrity of the UC system as a whole. As noted earlier in this preamble, this final rule merely aligns the part 603 regulations with longstanding practice, and States already have processes and systems in place for sharing UC information with Federal officials; accordingly, the Department expects this final rule to have minimal impacts and limited incremental costs and benefits. This final rule formalizes that practice and closes an oversight gap by requiring States to disclose such information upon request to the Department and other Federal officials for purposes of UC program oversight and audits.

Moreover, because this rule requires disclosure of confidential UC information to Federal officials for purposes of UC program oversight and audits, this final rule supports program integrity and performance. This approach enhances the efficiency and responsiveness of the UC program. This final rule also aligns with recent executive orders aimed at reducing information silos and improving interagency collaboration to combat waste, fraud, and abuse.

Finally, by reinforcing transparency and accountability in the administration of the UC program, this final rule helps to build and maintain public trust in the system. Although these potential benefits are not readily quantifiable, they represent significant improvements in the administration, oversight, and public perception of the UC program.

B. Regulatory Flexibility Act

The Regulatory Flexibility Act (RFA), 5 U.S.C. chapter 6, requires the Department to evaluate the economic impact of this rule on small entities. The RFA defines small entities to include small businesses, small organizations (including not-for-profit organizations), and small governmental jurisdictions. The Department must determine whether this rule imposes a significant economic impact on a substantial number of such small entities. The Department concludes that this rule

[17] OIG Audit Report, *COVID–19: ETA Needs to Improve its Oversight of States' Efforts to Identify Multistate UI Fraud,* August 2, 2025; *https://oig.dol.gov/public/reports/oa/2025/19-25-004-03-315.pdf.*

does not regulate any small entities directly, so any regulatory effect on small entities will be indirect. Accordingly, the Department has determined this rule will not have a significant economic impact on a substantial number of small entities within the meaning of the RFA.

C. Paperwork Reduction Act of 1995

The purposes of the Paperwork Reduction Act of 1995 (PRA), 44 U.S.C. 3501 *et seq.,* include minimizing the paperwork burden on affected entities. The PRA requires certain actions before an agency can adopt or revise a collection of information, including publishing for public comment a summary of the collection of information and a brief description of the need for and proposed use of the information.

As part of its continuing effort to reduce paperwork and respondent burden, the Department conducts a preclearance consultation program to provide the public and Federal agencies with an opportunity to comment on proposed and continuing collections of information in accordance with the PRA. *See* 44 U.S.C. 3506(c)(2)(A). This activity helps to ensure that the public understands the Department's collection instructions, respondents can provide the requested data in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the Department can properly assess the impact of collection requirements on respondents.

A Federal agency may not conduct or sponsor a collection of information unless it is approved by OMB under the PRA and it displays a currently valid OMB control number. The public is also not required to respond to a collection of information unless it displays a currently valid OMB control number. In addition, notwithstanding any other provisions of law, no person will be subject to penalty for failing to comply with a collection of information if the collection of information does not display a currently valid OMB control number (44 U.S.C. 3512).

Comments: An individual commenter said that the lack of a cost-benefit analysis has implications for the PRA.

Response: This final rule does not require any specific data collection subject to the PRA. If any information is to be collected under this authority, it would be subject to the PRA and must meet any applicable requirements.

D. Executive Order 13132 (Federalism)

E.O. 13132, ''Federalism,'' 64 FR 43255 (Aug. 10, 1999), imposes certain requirements on Federal agencies formulating and implementing policies or regulations that preempt State law or that have Federalism implications. E.O. 13132 requires agencies to examine the constitutional and statutory authority supporting any action that would limit the policymaking discretion of the States and to carefully assess the necessity for such actions. E.O. 13132 also requires agencies to have an accountable process to ensure meaningful and timely input by State and local officials in the development of regulatory policies that have Federalism implications. The Department has reviewed this final rule in light of these requirements and has concluded that it meets the requirements of E.O. 13132.

Accordingly, the Department has reviewed this final rule and has concluded that the rulemaking has no substantial direct effects on States, the relationship between the Federal Government and the States, or the distribution of power and responsibilities among the various levels of government as described by E.O. 13132. Therefore, the Department has concluded that this final rule does not have a sufficient federalism implication to require further agency action or analysis.

Comments: An advocacy organization stated that the August 2025 NPRM did not comply with E.O. 13132 because it did not limit the preemption of State law to the minimum level necessary, has no evidence of consultation with State and local officials while providing only a 30-day comment period, and provides no indication that funds necessary to pay the direct costs incurred in complying with the regulation would be provided to States by the Federal Government (as required by section 6(b)(1) of E.O. 13132).

An advocacy organization and a union argued that by imposing uniform, required disclosure requirements, the August 2025 NPRM would undermine the balance of Federal-State authority. Further, the union asserted that the NPRM was unconstitutional, conflicted with State privacy laws, and federalism requires these conflicts to be resolved by Congress.

Response: This final rule does not alter the allowable scope of disclosures of confidential UC data to Federal officials. The disclosures required by this final rule are already permissible disclosures under the existing regulations. Since this final rule does not substantially alter the scope of the disclosures, E.O. 13132 does not require further consultation with State and local officials beyond the normal comment period within the rulemaking process. Such disclosures are part of the normal business of the administration of UC programs and would be allowable uses of UC administrative funding.

This final rule also does not modify the protections or limitations on use of data that are applicable to required disclosures. This rule merely changes the disclosure from one that a State is permitted to make to one that the State is required to make. As discussed above, the Department has the statutory authority to change these disclosures from permissive disclosures to mandatory disclosures

Although this rule does not have Federalism implications and does not require further consultation with State and local officials beyond the normal comment period within the rulemaking process, the Department has nevertheless pursued such consultation. The Department published the 2023 RFI, which said ''[t]he Department is considering a regulatory update to 20 CFR part 603 that would incorporate a requirement for States to disclose confidential UC information to [DOL–OIG] for oversight and audits.'' *See* 88 FR 47829 (July 25, 2023). The 2023 RFI included questions on the topic and afforded the regulated community an opportunity to comment. Additionally, the Department's unique relationship with the States requires regular consultation and collaboration with State partners, including on matters pertaining to disclosures of confidential UC information under part 603.

E. Unfunded Mandates Reform Act

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA) (Pub. L. 104–4) requires each Federal agency to assess the effects of Federal regulatory actions on State, local, and Tribal governments and the private sector. 2 U.S.C. 1531. For a regulatory action likely to result in a rule that includes any Federal mandate that may cause the expenditure by State, local, and Tribal governments, in the aggregate, or by the private sector of $100 million or more in any one year (adjusted annually for inflation), UMRA requires a Federal agency to publish a written statement that estimates the resulting costs, benefits, and other effects on the national economy. (2 U.S.C. 1532(a), (b)). Relating to small governments, UMRA requires an agency plan for giving notice and opportunity for timely input to potentially affected small governments before establishing any requirements that might significantly or uniquely affect them. Such plan must include an effective process to permit timely input by elected officers of State, local, and Tribal governments on significant Federal intergovernmental mandates.

The Department examined this final rule according to UMRA and its statement of policy and determined that this final rule does not contain a Federal intergovernmental mandate, nor is it expected to require expenditures of $100 million or more in any one year by State, local, and Tribal governments, in the aggregate, or by the private sector. Furthermore, because this rule does not impose a Federal intergovernmental mandate, this rule does not significantly or uniquely affect small governments. As a result, the requirements of UMRA do not apply.

Comments: Some unions, an advocacy organization, an individual commenter, and an anonymous commenter stated the August 2025 NPRM would be an unfunded mandate. A union critiqued the Department's reasoning that the August 2025 NPRM would not trigger UMRA's requirements due to impact of less than $100 million annually when it also states that it cannot quantify the State costs. The commenter further asserted that unfunded mandates in the NPRM would force States to fund Federal surveillance infrastructure out of their own administrative budgets. Challenging the adequacy of the NPRM's UMRA analysis, a union cautioned that ''[c]ertifying compliance without quantification is arbitrary and capricious under the APA.''

Response: As described in section IV.A.3 of this preamble, the Department believes that compliance with this rule should impose minimal costs on States. The Department expects that many States will not encounter the need for significant technology updates, as States are already providing the data to Federal officials, including the Department and DOL–OIG, for purposes of UC program oversight and audits under the permissible disclosure in the existing regulations. Although commenters took issue with the Department's position that this rule does not trigger UMRA's analytical requirements due to its impact of less than $100 million in any one year by State, local, and Tribal governments, in the aggregate, or by the private sector, they did not provide alternate analysis or data to support the position that this rule would require expenditures of $100 million or more in any one year. The Department maintains its position that this rule does not contain a Federal intergovernmental mandate, nor is it expected to require expenditures of $100 million or more in any one year by State, local, and Tribal governments, in the aggregate, or by the private sector.

Additionally, this rule amends § 603.8 to clarify that disclosures for purposes of UC program oversight and audit are chargeable to a State's UC administrative grant.

To the commenter's concern that ''[c]ertifying compliance without quantification is arbitrary and capricious under the APA,'' the Department notes that the scope of this final rule is limited. All State UC agencies already provide confidential UC information for purposes of UC program oversight and audits to Federal officials, including the Department and DOL–OIG, through permissible disclosures. Regarding certification under UMRA, the Department conducted an economic analysis to determine the costs of this final rule as provided in section IV.A.3 of this preamble. Although data availability prevents the Department from fully estimating these costs, the Department does not expect this final rule to require expenditures of $100 million or more in any one year by State, local, and Tribal governments, in the aggregate, or by the private sector. States are currently processing permissible disclosure requests from Federal officials, so any additional costs would arise from the change to these being required disclosures, which are expected to be roughly equivalent to the current number of permissible disclosures for purposes of UC program oversight and audits.

For these reasons, the requirements of title II of UMRA do not apply. Therefore, DOL has not prepared a statement under UMRA.

F. Executive Order 13175 (Indian Tribal Governments)

The Department has reviewed this final rule under the terms of E.O. 13175 and the Department's Tribal Consultation Policy and has concluded that the changes to regulatory text do not have Tribal implications. These changes do not have substantial direct effects on one or more federally recognized Indian Tribes, the relationship between the Federal Government and Indian Tribes, nor the distribution of power and responsibilities between the Federal Government and Tribal governments.

Comments: An advocacy organization asserted that the August 2025 NPRM did not indicate input was solicited from Tribal officials and thus did not comply with E.O. 13175. Additionally, the commenter said the Department's conclusion that there would be no direct effect on Indian Tribes is incorrect because they employ 355,000 workers and are part of the Federal-State UC system.

Response: The Department maintains its position that the changes to regulatory text do not have Tribal implications. This rule requires the disclosure of information that is currently disclosed by States to Federal officials on a permissive basis for purposes of UC program oversight and audits. This rule does not change the scope of disclosures under the existing regulation, nor does it modify the current protections or limitations on the use of the data subject to the required disclosures. This rule therefore does not have substantial direct effects on one or more federally recognized Indian Tribes, the relationship between the Federal Government and Indian Tribes, nor the distribution of power and responsibilities between the Federal Government and Tribal governments. The Department notes that it conducted a Tribal consultation in 2023 related to the broadly scoped 2023 RFI (88 FR 53928, July 25, 2023).

List of Subjects in 20 CFR Part 603

Unemployment compensation, Wages.

For the reasons set forth in the preamble, the Department of Labor amends 20 CFR part 603 as follows:

PART 603—FEDERAL-STATE UNEMPLOYMENT COMPENSATION (UC) PROGRAM; CONFIDENTIALITY AND DISCLOSURE OF STATE UC INFORMATION

■ 1. The authority citation for part 603 is revised to read as follows:

Authority: 42 U.S.C. 503(a)(1); 42 U.S.C. 1302; 29 U.S.C. 3141; 29 U.S.C. 3249; 29 U.S.C. 3343; 20 U.S.C. 1232g.

■ 2. Amend § 603.5 by:
■ a. Revising the introductory text; and
■ b. Removing paragraph (i).

The revision reads as follows:

§ 603.5 What are the exceptions to the confidentiality requirement?

The following are exceptions to the confidentiality requirement. Disclosure of confidential UC information is permissible under the exceptions in paragraphs (a) through (g) of this section only if authorized by State law and if such disclosure does not interfere with the efficient administration of the State UC law. Disclosure of confidential UC information is permissible under the exception in paragraph (h) of this section without such restrictions.

* * * * *

■ 3. Amend § 603.6 by:
■ a. Redesignating paragraph (c) as paragraph (d); and

■ b. Adding a new paragraph (c).

The addition reads as follows:

§ 603.6 What disclosures are required by this subpart?

* * * * *

(c) The Department of Labor interprets section 303(a)(1), SSA, as requiring each State UC agency to disclose confidential UC information upon request to a Federal official for purposes of UC program oversight and audits.

* * * * *

■ 4. Amend § 603.8 by revising paragraph (b) to read as follows:

§ 603.8 What are the requirements for payment of costs and program income?

* * * * *

(b) *Use of grant funds permitted.* Grant funds paid to a State under section 302(a), SSA, may be used to pay the costs of only those disclosures necessary for proper administration of the UC program. (This may include some disclosures under § 603.5(a) (concerning public domain information), § 603.5(c) (to an individual or employer), and § 603.5(d)(1) (to an agent).) In addition, grant funds may be used to pay costs of disclosures under § 603.6(a) (for the proper administration of the UC program) and § 603.6(c) (for UC Program Oversight and Audits). Grant funds may also be used to pay costs associated with disclosures under § 603.7(b)(1) (concerning court-ordered compliance with subpoenas) if a court has denied recovery of costs, or to pay costs associated with disclosures under § 603.7(b)(2) (to officials with subpoena authority) if the State UC agency has attempted but not been successful in obtaining reimbursement of costs. Finally, grant funds may be used to pay costs associated with any disclosure of UC information if not more than an incidental amount of staff time and no more than nominal processing costs are involved in making the disclosure.

* * * * *

■ 5. Amend § 603.10 by adding paragraph (e) to read as follows:

§ 603.10 What are the requirements for agreements?

* * * * *

(e) *Request requirements for required disclosures to certain Federal officials.* Federal officials, other than the Department of Labor, the Department of Labor—Office of Inspector General, and the Government Accountability Office, making a request for information from the State UC agency pursuant to § 603.6(c) must do so in writing to the State UC agency stating how the information will be used and how that use is for purposes of UC program oversight and audits; stating that the Federal official will limit their use of the information to those uses stated in the request, except as required by Federal law; and citing the Federal official's authority for UC program oversight and audits.

Marek Laco,

Acting Assistant Secretary for Employment and Training, Labor.

[FR Doc. 2026–18978 Filed 9–15–26; 8:45 am]

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DEPARTMENT OF STATE

[Public Notice: 13126]

22 CFR Parts 120 and 121

RIN 1400–AG17

International Traffic in Arms Regulations: Modification of Civil Aircraft To Incorporate Aircraft Survivability Equipment

AGENCY: Department of State.

ACTION: Interim final rule; correction.

SUMMARY: The Department of State (the Department) is correcting an interim final rule that appeared in the **Federal Register** on August 28, 2026. The document contained an error in Amendatory Instruction 2. This correction clarifies the Department's intent.

DATES: This rule is effective October 13, 2026.

Comment due date: Public comments are due on September 28, 2026. Comment instructions are contained in the interim final rule (91 FR 55457).

FOR FURTHER INFORMATION CONTACT: Mr. Chris Weil, Office of Defense Trade Controls Policy, Department of State, email *DDTCCustomerService@state.gov* Subject: Aircraft Survivability Equipment—RIN 1400–AG17.

SUPPLEMENTARY INFORMATION:

■ In FR Doc. 2026–17660, appearing in the third column on page 55460 in the **Federal Register** of Friday, August 28, 2026, the amendatory instruction for § 120.54 is corrected to read:

§ 120.54 [Corrected]

"2. Amend § 120.54 by revising paragraphs (a)(6)(iii) and (a)(7)(iii), and adding paragraphs (a)(8) and (a)(9), to read as follows:"

Alice Kottmyer,

Attorney-Adviser, Office of the Legal Adviser, U.S. Department of State.

[FR Doc. 2026–18914 Filed 9–15–26; 8:45 am]

BILLING CODE 4710–25–P

DEPARTMENT OF HOMELAND SECURITY

Coast Guard

33 CFR Part 100

[Docket No. USCG–2026–1079]

Special Local Regulations; Recurring Marine Events, Sector St. Petersburg

AGENCY: Coast Guard, DHS.

ACTION: Notification of enforcement of regulation.

SUMMARY: The Coast Guard will enforce special local regulations for the Clearwater Offshore National/Race World Offshore from September 26, 2026, through September 27, 2026, to provide for the safety of life on navigable waterways during this event. Our regulation for marine events within the Southeast Coast Guard District identifies the regulated area for this event in Clearwater, FL. During the enforcement periods, the operator of any vessel in the regulated area must comply with directions from the Patrol Commander or designated representative.

DATES: The regulations in 33 CFR 100.703 will be enforced for Clearwater Offshore National/Race World Offshore regulated area listed in item 7 in Table 1 to § 100.703, from 8:00 a.m. to 5:00 p.m. on September 26 and 27, 2026.

FOR FURTHER INFORMATION CONTACT: If you have questions about this notification of enforcement, call or email Lieutenant Ryan McNaughton, Sector St. Petersburg Prevention Department, U.S. Coast Guard; telephone 813–918–7270, email *ryan.a.mcnaughton@uscg.mil.*

SUPPLEMENTARY INFORMATION: The Coast Guard will enforce special local regulations in 33 CFR 100.703 for the Clearwater Offshore National/Race World Offshore regulated area from 8:00 a.m. to 5:00 p.m. on September 26 and 27, 2026. This action is being taken to provide for the safety of life on navigable waterways during this 2-day event. Our regulation for marine events within the Southeast Coast Guard District, in item 7 in Table 1 to § 100.703, specifies the location of the regulated area for the Clearwater Offshore National/Race World Offshore which encompasses portions of Clearwater Beach. During the enforcement periods, as reflected in Table 1 to § 100.703(c), if you are the operator of a vessel in the regulated area you must comply with directions from the Patrol Commander or any designated representative.